

SENATE BILL

No. 29

Introduced by Senator Steinberg

February 5, 2010

An act to add Sections 19852.2, 19852.3, and 19852.4 to the Government Code, relating to public employment.

LEGISLATIVE COUNSEL'S DIGEST

SB 29, as introduced, Steinberg. Public employment: furloughs.

Existing law sets forth the general policy that the workweek of a state employee shall be 40 hours and authorizes workweeks of different hours to be established in order to meet varying needs of different state agencies. Existing law also authorizes the Governor to require that the 40-hour workweek be worked in 4 days in any state agency or part thereof when the Governor determines that the best interests of the state would be served thereby. Existing law vests the Department of Personnel Administration with the duties and responsibilities exercised by the State Personnel Board with respect to the administration of salaries, hours, and other personnel-related matters.

This bill would exempt employees in positions funded at least 95% by sources other than the General Fund, employees of the Franchise Tax Board, and employees of the State Board of Equalization from furloughs implemented by any state agency, board, or commission. The bill would also prohibit a state agency, board, or commission from directly or indirectly implementing, or assisting in implementing, a furlough of those employees. The bill would define “employee” for the purpose of those provisions and would also specify that nothing in those provisions shall be construed as legal authorization for the imposition

of furloughs on employees through an Executive order. The bill would also make related findings and declarations in support of this measure.

The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. The Governor issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on January 8, 2010.

This bill would state that it addresses the fiscal emergency declared by the Governor by proclamation issued on January 8, 2010, pursuant to the California Constitution.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 19852.2 is added to the Government
2 Code, to read:
3 19852.2. The Legislature finds and declares all of the following:
4 (a) Executive Orders S-16-08 and S-13-09 imposed three unpaid
5 furlough days on state employees. These furloughs, instituted
6 outside the collective bargaining process, constitute an annual pay
7 cut of 14 percent. The imposition of involuntary furlough time on
8 state employees has resulted in tremendous hardship to employees
9 and their families.
10 (b) Although the Executive orders declare an emergency
11 pursuant to Section 3516.5 based upon the General Fund deficit,
12 the furloughs apply to virtually all state employees, without regard
13 to whether they are paid through the General Fund or whether the
14 furloughs result in any state savings.
15 (c) Several dozen state agencies are user funded or federally
16 funded. Furloughing the employees of these agencies creates no
17 General Fund savings and simply makes these agencies less
18 efficient.
19 (d) Not only do delays harm California's most vulnerable
20 residents, but they also deprive the state of various sources of
21 federal funding at a time when we must maximize all revenue
22 sources to improve our economy. A report by the Social Security
23 Administration's inspector general concluded that just two furlough
24 days would decrease California's capacity to process disability
25 claims by 10 percent, delaying 2,375 disability cases per month.

1 Currently, the State Department of Social Services, which
2 administers the program, is losing ten million dollars (\$10,000,000)
3 per month in federal funds.

4 (e) With the unemployment rate at a record high, furloughing
5 workers at the Employment Development Department and the
6 California Unemployment Insurance Appeals Board will only
7 make it harder for the unemployed to access benefits. It is estimated
8 that the wait time for an appeal to be heard will increase from
9 seven weeks to three months. These departments are federally
10 funded so the hardship inflicted will not result in any state savings.

11 (f) In addition to departments whose employees are not paid
12 from the General Fund, the furloughs extend even to those
13 departments that generate new revenue, including the Franchise
14 Tax Board and the State Board of Equalization. For example, the
15 Franchise Tax Board says the state will lose five hundred million
16 dollars (\$500,000,000) over the next three years because collections
17 and audits will decline due to employee furloughs. The Franchise
18 Tax Board has already seen a three hundred seventy-two million
19 dollar (\$372,000,000) reduction in income tax revenue for the
20 fiscal year that ended June 30. These furloughs are actually
21 exacerbating the General Fund deficit they were intended to help
22 reduce.

23 (g) California's budget deficit is a product of the national and
24 global economic downturn. Solutions to the budget crisis should
25 focus on improving the economy, rather than cutting the pay of,
26 and decreasing consumer spending by, California workers. The
27 Sacramento region is already losing five hundred million dollars
28 (\$500,000,000) to six hundred million dollars (\$600,000,000) a
29 month in worker wages, forcing many local businesses to lay off
30 workers or close their doors.

31 SEC. 2. Section 19852.3 is added to the Government Code, to
32 read:

33 19852.3. (a) Employees in positions funded at least 95 percent
34 by sources other than the General Fund shall be exempt from
35 furloughs implemented by any state agencies, boards, and
36 commissions.

37 (b) A state agency, board, or commission shall not directly or
38 indirectly implement or assist in implementing a furlough of an
39 employee when the position is funded at least 95 percent from
40 sources other than the General Fund.

1 (c) Nothing in this section shall be construed as legal
2 authorization for the imposition of furloughs on employees through
3 an Executive order.

4 (d) For the purposes of this section:

5 (1) “Employee” means a civil service employee of the State of
6 California.

7 (2) “General Fund” has the same meaning as described in
8 Section 16300.

9 (3) The “State of California” as used in this section includes all
10 state agencies, boards, and commissions, as may be designated by
11 law, that employ civil service employees.

12 SEC. 3. Section 19852.4 is added to the Government Code, to
13 read:

14 19852.4. (a) Employees of the of the Franchise Tax Board and
15 the State Board of Equalization shall be exempt from furloughs
16 implemented by any state agency, board, or commission.

17 (b) A state agency, board, or commission shall not directly or
18 indirectly implement or assist in implementing a furlough of an
19 employee of the Franchise Tax Board or the State Board of
20 Equalization.

21 (c) Nothing in this section shall be construed as legal
22 authorization for the imposition of furloughs on employees through
23 an Executive order.

24 (d) For the purposes of this section, “employee” means a civil
25 service employee of the State of California.

26 SEC. 4. This act addresses the fiscal emergency declared by
27 the Governor by proclamation on January 8, 2010, pursuant to
28 subdivision (f) of Section 10 of Article IV of the California
29 Constitution.

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